

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-02 FAA-00 PA-02 PRS-01

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1523

INFO AMCONSUL MONTREAL

UNCLAS OTTAWA 4353

E.O. 11652: N/A

TAGS: EAIR, EIND, CA

SUBJ: AEROSPACE INDUSTRY: CANADAIK TO PRODUCE LEARSTAR
600 WITH GOC AND QUEBEC GUARANTEES FOR LOAN CAPITAL

REF: OTTAWA A-555, OCT 21, 1976

1. CANADAIK, THE GOC-OWNED AIRFRAME COMPANY AT MONTREAL, WILL COMMENCE PRODUCTION OF LEARSTAR 600 BUSINESS JET. THIS WAS ANNOUNCED IN SPEECH BY FEDERAL INDUSTRY, TRADE AND COMMERCE MINISTER CHRETEN AT MONTREAL OCTOBER 29. ACCORDING TO PRESS ACCOUNT, PROJECT WILL BE WORTH OVER TIME \$1.2 BILLION, HAS BEEN APPROVED BY THE FEDERAL CABINET, AND WILL RESULT IN CREATION OF 1500 MORE JOBS AT PLANT (IN ADDITION TO 1800 CURRENTLY EXISTING).

2. MONTREAL GAZETTE, OCTOBER 30, QUOTES CANADAIK PRESIDENT FRED KEARNS AS STATING IN INTERVIEW THAT FOR COMPANY TO TAKE UP ITS OPTION ON THIS AIRCRAFT IT RAISED \$130 MILLION IN LAONS FROM CANADIAN IMPERIAL BANK OF COMMERCE AND FROM THE BANQUE PROVINCIALE. OF THIS AMOUNT, QUEBEC PROVINCIAL GOVERNMENT HAS GUARANTEED \$20 MILLION AND GOC \$50 MILLION. FIFTY-THREE FIRM ORDERS ARE ON HAND.
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LARGEST SIGNLE ORDER IS FOR 25 AIRCRAFT FROM FEDERAL

EXPRESS CROP. OF MEMPHIS, ACCORDING TO KEARNS, BUT
FEDERAL EXPRESS CHAIRMAN SMITH IS QUOTED IN SAME
ARTICLE AS SAYING ORDER IS NOT PRESENTLY FIRM, BUT
WILL BECOME FIRM "EARLY NEXT SPRING WHEN ALL CONDITIONS,
SUBJECT TO FEDERAL EXPRESS APPROVAL ARE MET." TORONTO
GLOBE AND MAIL SAME DATE SUGGESTS 44 OF THE 53 AIRCRAFT
CURRENTLY ARE FROM U.S. BUYERS.

3. COMMENT: ATTENTION IS CALLED TO DISCUSSION OF THIS
PROJECT IN REPAIR WHERE INTERESTING OFFSET PROGRAM
BEING DEVELOPED BY THE COMPANY WAS DESCRIBED AND IN
WHICH IT WAS NOTED THAT COMPANY SAW THIS PROJECT
AS "STRICTLY A COMMERCIAL VENTURE".

4. EMBASSY WILL COLLECT ALL AVAILABLE DOCUMENTATION
ON THIS PROJECT AND GOC DECISION, AND FORWARD, TOGETHER
WITH PRESS COVERAGE, BY AIRGRAM.
ENDERS

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Message Attributes

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